

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ELGIN MENTAL HEALTH CENTER

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2005

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

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ELGIN MENTAL HEALTH CENTER
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CENTER OFFICIALS

Network Executive Director (3/1/04 – present) (7/01/03 – 2/28/04)	Dr. Bruce Bonecutter, Ph.D. Mr. Michael S. Pelletier
Interim Hospital Administrator (7/1/04 – present)	Mr. Raul Almazar, RN, MA
Hospital Administrator (7/1/03 – 6/30/04)	Ms. Rosamond Geary, M.S.
Medical Director, Forensic	Mr. Daniel Hardy, M.D., J.D.
Medical Director, Community Psychiatric Service	Ms. Malini Patel, M.D.
Business Office Administrator (4/1/04 – present) (7/01/03 – 3/31/04)	Mr. Divakaran Anbudaiyan Ms. Dolly Scanlan

The Center is located at:

750 S. State Street
Elgin, IL 60123-7692



Bruce E. Bonecutter, Ph.D.
 Executive Director
 Region 2

Raul Almazar, R.N., M.A., Int. Hospital Administrator - EMHC
 Mohammad Yunus, M.A., M.S., Hospital Administrator - SMHC

RECOVERY IS OUR VISION

Recovery is a Personal Journey of Hope, Healing, Growth, Choice, and Change

October 07, 2005.

Prado & Renteria, CPAs Prof. Corp.
 1837 S. Michigan Ave.
 Chicago, Illinois 60616

Ladies and Gentlemen:

We are responsible for the identification of and compliance with all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the year(s) ended June 30, 2004 and June 30, 2005, the Agency has materially complied with the assertions below.

The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

The State revenues and receipts by the agency are in accordance with applicable laws and regulations and other accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.

The money or negotiable securities or similar assets handled by the agency on behalf of the state or held in trust by the agency have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,
 (Elgin Mental Health Center)

(Raul Almazar, Interim Hospital Administrator)

(Divakaran D. Anbdaiyan, Business Administrator)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

COMPLIANCE REPORT

SUMMARY

The limited State compliance testing performed in this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes relates only to those chapters of the "Audit Guide for Performing Financial Audits and Compliance Attestation Examinations of Illinois State Agencies" (*Audit Guide*) which are identified in the report as having compliance testing performed.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	5	3
Repeated findings	1	1
Prior recommendations implemented or not repeated	2	0

Details of findings are presented in a separately tabbed report section.

SCHEDULE OF FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Prior Finding Code</u>
CURRENT FINDINGS			
05-1	9-11	Inadequate controls over accounts receivable	03-2
05-2	12	Failure to complete employee performance evaluations in a timely manner	N/A
05-3	13	Perpetual inventory system not maintained/updated timely	N/A
05-4	14	Excess inventory levels	N/A
05-5	15	Special revenue funds not remitted on time	N/A
PRIOR FINDINGS NOT REPEATED			
05-6	16	Inadequate controls over property and equipment	03-1
05-7	16	Property/equipment schedule not reconciled to the Department of Human Services' records	03-3

EXIT CONFERENCE

Center officials waived an exit conference in a letter dated February 16, 2006. Responses to the recommendations were provided by Carol L. Adams, Secretary, Illinois Department of Human Services, in a letter dated March 15, 2006.



INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we performed a limited scope examination of the State of Illinois Department of Human Services – Elgin Mental Health Center's (Center) compliance with the requirements listed below, as more fully described in the Audit Guide for Performing Financial Audits and Compliance Attestation Examinations of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the State of Illinois Department of Human Services – Elgin Mental Health Center (Center) is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Human Services – Elgin Mental Health Center's compliance based on our examination.

- A. The State of Illinois Department of Human Services – Elgin Mental Health Center has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois Department of Human Services – Elgin Mental Health Center has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois Department of Human Services – Elgin Mental Health Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois Department of Human Services – Elgin Mental Health Center are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois Department of Human Services – Elgin Mental Health Center on behalf of the State or held in trust by the State of Illinois Department of Human Services – Elgin Mental Health Center have been properly and legally administered and the accounting and recordkeeping relating thereto, is proper, accurate, and in accordance with law.

Our limited scope compliance examination of the Center was limited to the following areas of the Audit Guide:

- Chapter 8 – Personal Services Expenditures
- Chapter 9 – Contractual Services Expenditures
- Chapter 11 – Commodities Expenditures
- Chapter 17 – Revenues, Refunds and Receivables
- Chapter 18 – Appropriations, Transfers and Expenditures
- Chapter 22 – Review of Agency Functions and Planning Program
- Chapter 30 – Auditing Compliance With Agency Specific Statutory Mandates

The areas of the Audit Guide not examined at the Center have had procedures performed on a Department-wide basis through the compliance examination of the Department of Human Services Central Office, and accordingly, any findings from the results of those procedures have been included in the Department of Human Services – Central Office compliance report. We have also performed certain agreed-upon procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General’s financial statement audit of the entire Department of Human Services, and we have issued our report thereon dated October 7, 2005.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis evidence about the State of Illinois Department of Human Services – Elgin Mental Health Center’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois Department of Human Services – Elgin Mental Health Center’s compliance with specified requirements.

In our opinion, the State of Illinois Department of Human Services – Elgin Mental Health Center complied in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings, Recommendations and Center Responses as findings 05-1 through 05-5.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the State of Illinois Department of Human Services – Elgin Mental Health Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our limited scope compliance examination, we considered the State of Illinois Department of Human Services – Elgin Mental Health Center’s internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General. We have also performed certain agreed-upon procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General’s financial statement audit of the entire Department of Human Services, and we have issued our report thereon dated October 7, 2005.

Our consideration of the internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings, Recommendations and Center Responses as findings 05-1, 05-3, 05-4 and 05-5.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide, as adopted by the Auditor General, to the 2005 and 2004 Supplementary Information for State Compliance Purposes, except for information on Employee Overtime, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Center and Department of Human Services management, and is not intended to be and should not be used by anyone other than these specified parties.



Prado & Renteria, CPAs, Prof. Corp.

October 7, 2005

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

05-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE

The Center had inadequate controls over identifying a patient's ability to pay, following up on accounts receivable and processing Medicare claims.

Notice of Determination

The Center did not complete the "Notice of Determination" within 60 days of admittance or did not complete it timely.

- 8 out of 24 (29%) accounts receivable tested totaling \$247,081 did not reflect timely completion of the "Notice of Determination" (DHS-612). These notices were completed 65 to 459 days after admittance.
- 1 out of 24 (4%) accounts receivable tested did not have a "Notice of Determination" on file.

The Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual no. 01.04.02.03 provides that debtor is notified of charges by form DMHDD-612, "Notice of Determination" prepared and mailed by Center staff. The Center's Recipient Resource Unit manual states that the Center is required to complete and issue to the recipient a "Notice of Determination" within 60 days of admittance.

Accounts Receivable Over 180 Days Old

The Center did not follow-up on accounts receivable up to 180 days old or report them as a collection problem to Central Office.

- 18 out of 24 (75%) accounts receivable tested were over 180 days old and not reported as problem accounts to DHS Central Office. These accounts receivable totaled \$706,342 and ranged from \$3,402 to \$281,788.

According to the Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual No. 01.04.02.03, a regular recipient account is not due until end of 90-day period following the date of "Notice of Determination". The Statewide Accounting System Manual (SAMS) Policy and Procedure No. 26.40.20 states that agencies must place all debts over \$1,000 and more than 90 days past-due in the Comptroller's Offset System. Therefore at 180 days, DMHDD Policy and Procedure No. 01.04.02.03 states that Form DMHDD-681, "Notice to DMHDD Central Office of Account Collection Problem" should be completed and used to notify DMHDD Central Office of an account collection problem and to request assistance in collection.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

**05-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE
(Continued)**

Medicare Billing

The Center did not process Medicare claims timely.

- 1 of 20 (5%) qualified Medicare claims tested totaling \$14,786 was uncollectible due to lack of timely billing by the Center. The patient was discharged in October 2003 and had not been billed at the conclusion of our fieldwork in October 2005.
- Claims for 11 of 20 (55%) discharged patients potentially eligible for Medicare billing had not been filed with Medicare. Estimated patient fees for these patients total \$359,898. Dates of patient discharge ranged from May 2004 to June 2005.

The Medicare regulatory claims filing policy states that, “claims must be filed by the end of the calendar year immediately following the year in which the service was rendered. Services rendered in the last three calendar months of the year are considered to have been rendered in the next calendar year. Therefore, services rendered from January 1 through September 30 must be received by Medicare no later than December 31 of the following calendar year. Services rendered from October 1 through December 31 must be received by Medicare no later than December 31 of the second calendar year after the year of service.”

The Center did not maintain complete and accurate records of Medicare accounts receivable.

- 2 of 20 (10%) Medicare patient billings totaling \$13,815 billed in April 2005 were not reflected on the Central Office’s aging report of accounts receivable as of June 30, 2005. The Center was unable to explain why these balances were excluded from the aging report.
- The Center does not record Medicare billings in the Central Office’s system.

The Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual no. 01.04.02.02 states that accounts receivable may only be reduced by payments received or other approved activities and that all accounts receivable must be entered into an appropriate journal.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

**05-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE
(Continued)**

The Center experienced significant changes in employee responsibilities and a reduction of personnel in the Recipient Resource Unit, which caused delays and errors in processing.

Unprocessed Medicare claims resulted in a loss of \$14,786. Inadequate identification of a patient's ability to pay, failure to follow-up on accounts receivable and untimely billing of Medicare claims could result in further losses to the state. (Finding Code 05-1, 03-3)

Recommendation:

We recommend the Center allocate sufficient resources to the Recipient Resource Unit to process, bill and collect amounts owed.

Department Response:

Agreed. The Center has hired a Business Manager with special emphasis on Medicare and Medicaid billing and collections.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

05-2 Finding - FAILURE TO COMPLETE EMPLOYEE PERFORMANCE EVALUATIONS IN A TIMELY MANNER

The Center did not complete employee performance evaluations in a timely manner.

Twelve personnel files out of fifty (24%) files tested did not include annual performance evaluations based on the employee's creditable service date. Performance evaluations ranged from three to eleven months late.

Section 302.270 of the Merit and Fitness Code (80 Ill Adm. Code 302.270) states that each agency shall prepare an evaluation for employees not less often than annually. In addition, the Illinois Department of Human Services Administrative Directive No. 01.02.04.020 (Employee Performance Evaluations) requires performance evaluations at least annually on or before the employee's creditable service date. (Creditable service date is all service in full or regularly scheduled part-time pay status beginning with the date of the initial employment or 1) in a Step Pay Plan - the effective date of a salary increase that is equivalent to at least a full step; 2) Merit Compensation Pay Plan – the effective date of a Merit Compensation Increase.)

The Center did not follow the employee creditable service date to determine the annual performance evaluation period.

Failure to complete performance evaluations or complete them in a timely manner could result in an incomplete employee history and employees' lack of awareness of the required performance improvements. (Finding Code 05-2)

Recommendation:

We recommend the Center implement necessary controls to ensure annual performance evaluations are conducted as required by the Department of Human Services Administrative Directives.

Department Response:

Agreed. The Center will be conducting performance evaluations as of the service anniversary date beginning 07/01/2006.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

05-3 Finding – PERPETUAL INVENTORY SYSTEM NOT UPDATED TIMELY

The Center's perpetual inventory system was not updated timely.

Our tests of inventory and of 10 commodity items revealed the following exceptions:

- a. The Center expensed Mechanical Stores inventory as of June 30, 2005. Mechanical Stores inventory as of June 20, 2004 was \$2,368. The Center did not have authorization from DHS on file to discontinue inventory for mechanical supplies.
- b. Pharmacy physical inventory taken on May 16, 2005 was not rolled forward to reconcile to the Commodity Status Report as of June 30, 2005.
- c. A general stores inventory count was not performed as of June 30, 2004. Differences between physical counts and Commodity Status Report counts as of June 30, 2005 were not reconciled for 2 of 10 commodity items. Un-reconciled differences were \$118.80 shortage and \$121.68 overage.

Prudent business practices require periodic reconciliations of physical inventories to master accounting records.

The Center was not performing a periodic maintenance of the perpetual inventory records due to staff shortages.

Account integrity is lost and there is a risk that procurement activities will be based on incorrect data when accurate inventory systems are not maintained. (Finding Code 05-3)

Recommendation:

We recommend that the Center maintain and timely update its perpetual inventory system.

Department Response:

Agreed. Corrections have been made and procedures put in place. Inventory has been reallocated to current staff at the Center's Central Stores. The Accountant has been assigned to complete quarterly store audit on an interim basis. Pharmacy inventory has been reconciled as well as the general store inventory discrepancies.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

05-4 Finding – EXCESS INVENTORY LEVELS

The Center had excess levels of food supplies on hand at year's end.

Our tests of 10 commodity items on hand revealed the following exceptions:

Two of 10 commodity items (20%) had more than twelve months of food supply on hand. As of June 30, 2004 the value of one inventory item on hand, frozen bacon, was \$15,509.43, or a 56-month supply. As of June 30, 2005 the value of another inventory item on hand, peas, was \$27.53, or a 13-month supply.

Prudent business practices require that if upon review, an agency determines it has more than a 12 month supply of any equipment, supplies, commodities, or other items, the agency should undertake transfers of the oversupplied items or other action necessary.

The Center's general stores personnel indicated that for the item with 56 months of surplus, the over stock was due to an error/misunderstanding in the ordering of units (ordered pounds and received cases); for the second item, the dietary department did not include the item in the menu as frequently as anticipated.

An overstock of inventory items ties up resources and can result in spoilage. (Finding Code 05-4)

Recommendation:

We recommend the Center review procurement procedures to avoid errors when ordering goods.

Department Response:

Agreed. The Center's Central Stores manager and the Fiscal Director are closely monitoring inventory items to ensure that additional items are not ordered and that the Center is currently using overstocked items. The Center's Dietary Manager has also been advised to use current stock of food supplies before ordering additional food supplies.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Current Findings

05-5 Finding – SPECIAL REVENUE FUNDS NOT REMITTED ON TIME

The Center did not remit excess special revenue funds timely.

Excess Special Revenue Rehabilitation Fund funds totaling \$9,200 were remitted nine months after the required remittance day.

Mental Health and Developmental Disabilities Administrative Act (20 ILCS 1705/21) states that a Department authorized habilitation workshop program may retain funds at the facility under the direction of the facility director. The July 1 balance of such funds retained may not exceed 33-1/3% of the direct operating expenses for the fiscal year then ended. All monies in excess of this amount should be deposited in the General Revenue funds no later than 60 days thereafter.

According to Center officials the \$9,200 excess funds were inadvertently left out. The error was detected during the close-out for fiscal year 2005 and the funds were remitted late.

State funds were deposited late in the General Revenue fund. (Finding Code 05-5)

Recommendation:

We recommend the Center establish procedure to ensure that these errors are timely detected.

Department Response:

Agreed. State guidelines have been revisited with the staff responsible for monitoring special revenue funds. The Center is also requesting and obtaining required guidance from the Department's (DHS) Office of Fiscal Services, Cash Management Division Accountant on an as needed basis.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
FINDINGS, RECOMMENDATIONS AND CENTER RESPONSES
For the Two Years Ended June 30, 2005

Prior Audit Findings Not Repeated

05-6 Finding – INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

The Center did not have adequate control over its property and equipment.

- Five out of thirty-seven (14%) items tested were moved from one location to another within the Center without proper transfer documents.
- One out of thirty-seven (3%) items tested was not listed in the DHS property inventory control report. (Finding Code 03-1)

Status – Reported as Immaterial Finding No. IM05-4

In our sample testing of property and equipment during this period, we noted one equipment deletion was not recorded timely.

05-7 Finding – PROPERTY / EQUIPMENT SCHEDULE NOT RECONCILED TO THE DEPARTMENT OF HUMAN SERVICES' RECORDS

The Center did not reconcile the Property / Equipment schedule to the Department of Human Services' (DHS) records for the two years ended June 30, 2003. (Finding Code 03-3)

Status – not repeated

In our testing of the property/equipment schedule during this period, we noted that the Property / Equipment schedule was reconciled to DHS records.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Description of Locally Held Funds
- Schedule of Locally Held Funds – Cash Basis
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Deposits
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending
- Schedule of Changes in Inventories
- Analysis of Accounts Receivable

Analysis of Operations

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Shared Resources
- Center Utilization (not examined)
- Annual Center Statistics
 - Cost Per Year / Day Per Resident (not examined)
 - Ratio of Employees to Residents (not examined)
 - Reported Employee Job Injuries (not examined)
 - Food Service (not examined)
- Service Efforts and Accomplishments (not examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide, as adopted by the Auditor General, except for information on Employee Overtime, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2005	LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2005	TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2005	BALANCES LAPSED AUGUST 31, 2005
PUBLIC ACT 93-0842					
<u>GENERAL REVENUE FUND - 001</u>					
Personal Services	\$ 44,102,000	\$ 42,143,597	\$ 1,896,341	\$ 44,039,938	\$ 62,062
Employee retirement contributions paid by employer	79,524	79,523	-	79,523	1
State contributions to state employees' retirement system	6,953,200	6,563,474	297,764	6,861,238	91,962
State contributions to Social Security	3,056,200	2,908,150	137,094	3,045,244	10,956
Contractual Services	4,157,000	3,066,198	600,380	3,666,578	490,422
Travel	45,500	38,165	3,216	41,381	4,119
Commodities	1,173,800	949,869	48,603	998,472	175,328
Printing	34,700	17,228	1,055	18,283	16,417
Equipment	121,400	27,737	21,728	49,465	71,935
Telecommunications services	309,100	195,627	76,273	271,900	37,200
Operation of auto equipment	121,200	83,846	31,338	115,184	6,016
Expenses related to living skills program	31,200	20,791	396	21,187	10,013
Costs associated with behavioral health services	7,388,300	7,205,096	182,200	7,387,296	1,004
Total	<u>\$ 67,573,124</u>	<u>\$ 63,299,301</u>	<u>\$ 3,296,388</u>	<u>\$ 66,595,689</u>	<u>\$ 977,435</u>

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Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>APPROPRIATIONS NET OF TRANSFERS</u>	<u>EXPENDITURES THROUGH JUNE 30, 2004</u>	<u>LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2004</u>	<u>TOTAL EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2004</u>	<u>BALANCES LAPSED AUGUST 31, 2004</u>
PUBLIC ACT 93-0092					
<u>GENERAL REVENUE FUND - 001</u>					
Personal Services	\$ 43,303,600	\$ 40,380,543	\$ 1,794,445	\$ 42,174,988	\$ 1,128,612
Employee retirement contributions paid by employer	1,922,700	1,768,248	80,061	1,848,309	74,391
State contributions to state employees' retirement system	5,781,000	3,770,852	25	3,770,877	2,010,123
State contributions to Social Security	3,004,000	2,870,870	132,474	3,003,344	656
Contractual Services	4,110,400	3,350,655	527,007	3,877,662	232,738
Travel	30,600	26,740	1,727	28,467	2,133
Commodities	1,195,300	1,117,041	29,494	1,146,535	48,765
Printing	33,000	23,436	154	23,590	9,410
Equipment	35,800	18,089	3,089	21,178	14,622
Telecommunications services	386,700	334,552	51,369	385,921	779
Operation of auto equipment	179,500	149,998	23,842	173,840	5,660
Expenses related to living skills program	32,300	19,326	-	19,326	12,974
Costs associated with behavioral health services	7,656,300	7,073,285	442,498	7,515,783	140,517
Total	<u>\$ 67,671,200</u>	<u>\$ 60,903,635</u>	<u>\$ 3,086,185</u>	<u>\$ 63,989,820</u>	<u>\$ 3,681,380</u>

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
YEARS ENDED JUNE 30,

	FISCAL YEARS		
	2005	2004	2003
	P.A. 93-0842	P.A. 93-0092	P.A. 92-0538
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	<u>\$ 67,573,124</u>	<u>\$ 67,671,200</u>	<u>\$71,585,340</u>
EXPENDITURES			
Personal services	44,039,938	42,174,988	47,248,848
Employee retirement contributions paid by employer	79,523	1,848,309	2,102,193
State contributions to state employees' retirement system	6,861,238	3,770,877	4,874,762
State contributions to Social Security	3,045,244	3,003,344	3,376,066
Contractual services	3,666,578	3,877,662	3,796,871
Travel	41,381	28,467	30,992
Commodities	998,472	1,146,535	1,154,346
Printing	18,283	23,590	26,507
Equipment	49,465	21,178	12,381
Telecommunications services	271,900	385,921	386,474
Operations of auto equipment	115,184	173,840	122,968
Expenses related to living skills program	21,187	19,326	25,144
Costs associated with behavioral health services	<u>7,387,296</u>	<u>7,515,783</u>	<u>7,547,277</u>
Total Expenditures	<u>66,595,689</u>	<u>63,989,820</u>	<u>70,704,829</u>
LAPSED BALANCES	<u>\$ 977,435</u>	<u>\$ 3,681,380</u>	<u>\$ 880,511</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2005

The locally held funds of the Center are grouped into two fund categories. These are nonappropriated funds with the exception of the Living Skills Fund and Patient Travel Trust Fund, which are appropriated funds. The funds are not held in the State Treasury and are described as follows:

1. Governmental Funds

General Revenue Funds

The General Revenue Funds consist of the Living Skills Fund, Patient Travel Trust Fund and Petty Cash account. These funds and account are used to record the activity of monies received from the State's General Revenue Fund for designated purposes.

The Living Skills Fund (SAMS fund number 1214) was established to provide behavioral modification programs for residents. The source of revenue is State appropriation. This appropriation is then expended by distributing reward payments that are earned by residents by achievement of desired behavioral modifications.

The Patient Travel Trust Fund (SAMS fund number 1247) was established to provide for transportation of residents who do not have funds. The source of revenue is State appropriation. Expenditures are for travel costs incurred to transport indigent recipients to another facility or to their home upon discharge.

The Petty Cash account is maintained for the purpose of making change, purchasing items of small cost, payment of postage due, and for other nominal expenditures that cannot be administered economically and efficiently through the customary vouchering system. Reimbursements to the fund are from State general revenue appropriations for contractual services.

Special Revenue Funds

The Special Revenue Funds consists of the DHS Other Special Trusts Fund and the DHS Rehabilitation Fund. These funds are used to account for the proceeds of a specific revenue source that are legally restricted to expenditures for specific purposes.

The DHS Other Special Trust Fund (SAMS fund number 1139) was established to provide for the special comfort, pleasure and amusement of the residents. The primary sources of revenue for the fund is a percentage of vending machine commissions and monies donated for resident use. Also, any unclaimed Resident's Trust Fund balance of a resident separated from the Center for two years is transferred to this fund with the provision that the resident is entitled to the money upon application. These funds are then used for activities and materials to help fulfill the recipients' needs in these areas.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2005

The DHS Rehabilitation Fund (SAMS fund number 1144) was established to provide workshop services for individuals with the potential for gainful employment and independent living and for long-term employment of persons capable of working in a sheltered environment. The source of revenue is payments for contractual services provided by residents to outside enterprises for workshop production. Expenditures are for materials, supplies, and resident wages for work performed.

2. Fiduciary Fund Type

Agency Funds

The Agency Funds consist of the DHS Resident's Trust Fund and the Burr Bequest Fund. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The DHS Resident's Trust Fund (SAMS fund number 1143) is maintained as a depository for funds of residents while in residence at the Center. The fund also is used to receive Social Security monies obtained to pay for resident billings. Disbursements from the fund consist primarily of withdrawals of monies for recipients' personal use at the Center or when discharged as well as payments to the Department of Human Services Central Office for care and treatment charges billed to the recipient.

The Burr Bequest Fund (SAMS fund number 1272) was established through the bequest of Jonathan Burr. The fund consists of a permanently restricted principal investment, through which the income generated is used for the betterment of the patient care at Elgin Mental Health Center.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2005

Investments and Account Locations

The following schedule lists the locations and amounts of investments and bank accounts of the locally held funds at June 30, 2005:

Investments

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Amount</u>
<u>DHS Resident's Trust Fund</u>		
Certificates of Deposit: Elgin Financial Center, Elgin, IL	1.74%	\$50,000
Money Market Account: Union National Bank, Elgin, IL	0.25%	60,500
<u>DHS Rehabilitation Fund</u>		
Money Market Account: Union National Bank, Elgin, IL	0.25%	29,061
<u>DHS Other Special Trust Fund</u>		
Certificates of Deposit: Elgin Financial Center, Elgin, IL	1.74%	30,000
Money Market Account: Union National Bank, Elgin, IL	0.25%	33,489
<u>Burr Bequest Fund</u>		
Prime Fund: The Illinois Fund, Springfield, IL	2.86%	<u>947,459</u>
Total Investments		<u>\$1,150,509</u>

The above certificates of deposit are covered by Federal Deposit Insurance Corporation insurance. The carrying amounts approximate their fair value. The Federal Deposit Insurance Corporation ("FDIC") insures accounts up to \$100,000 at each financial institution. The Center has aggregate certificates of deposit, checking account and money market account balances of \$23,050 in excess of FDIC insured amounts as of June 30, 2005.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
FOR THE TWO YEARS ENDED JUNE 30, 2005

Location of Locally Held Funds

Living Skills Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

Patient Travel Trust Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

Petty Cash Account

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

DHS Other Special Trust Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

DHS Rehabilitation Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

DHS Resident's Trust Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

Burr Bequest Fund

Checking Account
Union National Bank, Elgin, IL
Non-interest bearing

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
JUNE 30, 2005

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1272 Burr Bequest Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund	N/A Petty Cash Account
Balance - July 1, 2004	\$ 34,079	\$ 80,472	\$ 177,970	\$ 972,572	\$ 6,693	\$ 4,427	\$ -
Receipts							
Income from Sales	91,159	7,978	-	-	-	-	-
Investment Income	69	465	-	18,050	-	-	-
Resident deposits	-	-	315,368	-	-	-	-
Donations	-	-	-	-	-	-	-
Appropriations	-	-	-	-	20,791	8,165	-
Vending machine commissions	-	20,158	-	-	-	-	-
Unclaimed funds	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-
Other	-	2,372	-	-	-	-	-
Total Receipts	<u>\$ 91,228</u>	<u>\$ 30,973</u>	<u>\$ 315,368</u>	<u>\$ 18,050</u>	<u>\$ 20,791</u>	<u>\$ 8,165</u>	<u>\$ -</u>
Disbursements							
Cost of sales	87,151	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-
Contractual services	-	4,796	-	9,923	-	-	-
Travel	-	-	-	-	-	3,660	-
Resident activities	-	27,873	-	-	-	-	-
Equipment	-	438	-	-	-	-	-
Resident withdrawals	-	-	351,233	-	-	-	-
Appropriations returned	9,200	-	-	-	6,861	4,186	-
Living skills program	-	-	-	-	13,029	-	-
Other	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 96,351</u>	<u>\$ 33,107</u>	<u>\$ 351,233</u>	<u>\$ 9,923</u>	<u>\$ 19,890</u>	<u>\$ 7,846</u>	<u>\$ -</u>
Balance - June 30, 2005	<u>\$ 28,956</u>	<u>\$ 78,338</u>	<u>\$ 142,105</u>	<u>\$ 980,699</u>	<u>\$ 7,594</u>	<u>\$ 4,746</u>	<u>\$ -</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
JUNE 30, 2004

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1272 Burr Bequest Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund	N/A Petty Cash Account
Balance - July 1, 2003	\$ 47,985	\$ 77,836	\$ 209,622	\$ 970,263	\$ 8,582	\$ 4,168	\$ -
Receipts							
Income from Sales	99,853	10,764	-	-	-	-	-
Investment Income	78	595	-	9,189	-	-	-
Resident deposits	-	-	353,752	-	-	-	-
Donations	-	-	-	-	-	-	-
Appropriations	-	-	-	-	20,580	8,616	-
Vending Machines	-	21,978	-	-	-	-	-
Unclaimed funds	-	-	-	-	-	-	-
Reimbursements	-	316	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Receipts	<u>\$ 99,931</u>	<u>\$ 33,653</u>	<u>\$ 353,752</u>	<u>\$ 9,189</u>	<u>\$ 20,580</u>	<u>\$ 8,616</u>	<u>\$ -</u>
Disbursements							
Cost of sales	93,833	-	-	-	-	-	-
Operating expenses	-	-	-	-	-	-	-
Contractual services	-	12,260	-	6,580	-	-	-
Travel	-	-	-	-	-	3,357	-
Resident activities	-	16,197	-	300	-	-	-
Equipment	-	-	-	-	-	-	-
Resident withdrawals	-	-	385,404	-	-	-	-
Appropriations returned	20,004	-	-	-	10,000	5,000	-
Living skills program	-	-	-	-	12,469	-	-
Other	-	2,560	-	-	-	-	-
Total Disbursements	<u>\$ 113,837</u>	<u>\$ 31,017</u>	<u>\$ 385,404</u>	<u>\$ 6,880</u>	<u>\$ 22,469</u>	<u>\$ 8,357</u>	<u>\$ -</u>
Balance - June 30, 2004	<u>\$ 34,079</u>	<u>\$ 80,472</u>	<u>\$ 177,970</u>	<u>\$ 972,572</u>	<u>\$ 6,693</u>	<u>\$ 4,427</u>	<u>\$ -</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN STATE PROPERTY
YEARS ENDED JUNE 30, 2004 & 2005

	Land and land improvements	Buildings and building improvements	Site improvements	Equipment	Total
<u>Balance June 30, 2003</u>	<u>\$ 39,980</u>	<u>\$ 98,711,579</u>	<u>\$ 15,385,185</u>	<u>\$ 7,280,549</u>	<u>\$ 121,417,293</u>
Additions:					
Purchases		400	19,580	19,632	39,612
Transfers-in:					
Intra-agency				527,980	527,980
Inter-agency				120	120
Capital Development Board		10,839	28,822		39,661
Surplus Property					-
DAVTE Fund					-
Adjustments				46,193	46,193
<u>Total Additions</u>	<u>\$ -</u>	<u>\$ 11,239</u>	<u>\$ 48,402</u>	<u>\$ 593,925</u>	<u>\$ 653,566</u>
Deductions:					
Transfers-out:					
Intra-agency (within DHS)				527,351	527,351
Inter-agency (outside DHS)				17,651	17,651
Surplus property				339	339
Scrap property				152,471	152,471
Adjustment				28,812	28,812
<u>Total Deductions</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 726,624</u>	<u>\$ 726,624</u>
<u>Balance June 30, 2004</u>	<u>\$ 39,980</u>	<u>\$ 98,722,818</u>	<u>\$ 15,433,587</u>	<u>\$ 7,147,850</u>	<u>\$ 121,344,235</u>
Additions:					
Purchases				73,067	73,067
Transfers-in:					
Intra-agency				1,030,884	1,030,884
Inter-agency				180,035	180,035
Capital Development Board		44,400	76,546		120,946
Adjustments	21,280			49,599	70,879
<u>Total Additions</u>	<u>\$ 21,280</u>	<u>\$ 44,400</u>	<u>\$ 76,546</u>	<u>\$ 1,333,585</u>	<u>\$ 1,475,811</u>
Deductions:					
Transfers-out:					
Intra-agency (within DHS)				1,267,014	1,267,014
Inter-agency (outside DHS)				8,886	8,886
Surplus property				29,603	29,603
Scrap property				76,064	76,064
Condemned and lost property				-	-
Retirements				-	-
Adjustment	39,980	7,929,769		29,007	7,998,756
<u>Total Deductions</u>	<u>\$ 39,980</u>	<u>\$ 7,929,769</u>	<u>\$ -</u>	<u>\$ 1,410,574</u>	<u>\$ 9,380,323</u>
<u>Balance June 30, 2005</u>	<u>\$ 21,280</u>	<u>\$ 90,837,449</u>	<u>\$ 15,510,133</u>	<u>\$ 7,070,861</u>	<u>\$ 113,439,723</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS
YEARS ENDED JUNE 30,

	FISCAL YEARS		
	2005	2004	2003
<u>RECEIPTS</u>			
Jury duty	\$ 426	\$ 460	\$ 1,088
Refund	14,249	1,608	434
Copy charges	45	191	60
Subpoena fees	145	297	25
Lost supply reimbursements (keys & pagers)	171	148	279
Miscellaneous other (rebates)	45	-	28
TOTAL RECEIPTS	<u>\$ 15,081</u>	<u>\$ 2,704</u>	<u>\$ 1,914</u>
<u>DEPOSITS</u>			
Receipts recorded by Agency	\$ 15,081	\$ 2,704	\$ 1,914
Add: Deposits in transit - Beginning of year	56	30	58
Receipts incorrectly recorded by Comptroller for Center	-	20,004	19
Jury duty receipts recorded by Comptroller for Center	59	29	-
Deduct: Deposits in transit - End of year	(50)	(56)	(30)
Receipts not recorded by Comptroller for Center	(14,249)	(1,712)	-
DEPOSITS RECORDED BY COMPTROLLER	<u>\$ 897</u>	<u>\$ 20,999</u>	<u>\$ 1,961</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE TWO YEARS ENDED JUNE 30, 2005

Fiscal Year 2005

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2005 and June 30, 2004 are shown below:

	FISCAL YEAR ENDED		INCREASE	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2005</u>	<u>2004</u>	<u>AMOUNT</u>	<u>%</u>
State contributions	\$79,523	\$1,848,310	\$1,768,787	(96)%
Employee Retirement	\$6,861,237	\$3,770,878	\$3,090,359	82%
Travel	\$41,381	\$28,467	\$12,914	45%
Printing	\$18,283	\$23,590	\$(5,307)	(22)%
Equipment	\$49,465	\$21,178	\$28,287	134%
Telecommunication Services	\$271,900	\$385,921	\$(114,021)	(30)%
Operation of Auto Equipment	\$115,184	\$173,840	\$(58,656)	(34)%

State Contributions

State contribution expenditures decreased as a result of the State no longer being required to pay a portion of the merit compensation and other bargaining employees' retirement.

Employee Retirement

State employee retirement expenditures increased as a result of the passage of legislation in the last quarter of fiscal year 2004 that suspended the contributions and allowed the sale of bonds to make the contributions. For fiscal year 2005 only a small percentage was budgeted.

Travel

Expenditures increased due to an increment in network travel, patient travel and travel relating to training.

Printing

Expenditures decreased due to reduce usage.

Equipment

Equipment expenditures increased due to the need to replace old or unfixable equipment.

Telecommunication Services

Expenditures decreased due to changing vendors and eliminating maintenance of radios.

Operation of Auto Equipment

Expenditures decreased due to a lower number of repairs.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
FOR THE TWO YEARS ENDED JUNE 30, 2005

Fiscal Year 2004

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2004 and June 30, 2003 are shown below:

	FISCAL YEAR ENDED		INCREASE	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2004</u>	<u>2003</u>	<u>AMOUNT</u>	<u>%</u>
Employee Retirement	\$3,770,878	\$4,874,762	\$(1,103,884)	(23)%
Equipment	\$21,178	\$12,381	\$8,797	71%
Operation of Auto Equipment	\$173,840	\$122,968	\$50,872	41%
Living Skills Program	\$19,326	\$25,144	\$(5,818)	(23)%

Employee Retirement

Employee retirement contributions paid by employer decreased as a result of the passage of legislation in the last quarter of fiscal year 2004 that suspended the contributions and allowed the sale of bonds to make the contributions. The agencies' appropriations were then lapsed.

Equipment

Equipment expenditures increased due to the need to replace old or unfixable equipment.

Operation of Auto Equipment

Expenditures increased due to additional repairs to old equipment and increase in gas prices.

Living Skills Program

Expenditures decreased due to a decline in patient participation.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2005

We have reviewed lapse period spending for fiscal years ended June 30, 2005 and 2004 and have identified significant lapse period spending (15% or more). A schedule of significant lapse period spending for fiscal year 2005 is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2005</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Contractual Services	\$3,666,578	\$600,380	16%
Equipment	\$49,465	\$21,728	44%
Telecommunications	\$271,900	\$76,273	28%
Operation of Auto Equipment	\$115,184	\$31,338	27%

Contractual Services

Services performed during the period ended June 30, 2005 were billed during the lapsed period.

Equipment

A tractor was completely damaged by fire in the second half of June 2005 and replacement equipment was purchased during the lapse period.

Telecommunications

Telecommunication services for April, May and June 2005 were billed during the lapsed period.

Operation of Auto Equipment

Vehicle repairs services performed during the period ended June 30, 2005 were billed during the lapsed period.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2005

A schedule of significant lapse period spending for the fiscal year ended June 30, 2004 is shown below:

<u>EXPENDITURE ITEM</u>	<u>TOTAL</u> <u>EXPENDITURES</u>	<u>Fiscal Year Ended June 30, 2004</u> <u>LAPSE PERIOD</u> <u>EXPENDITURES</u>	<u>PERCENTAGE</u>
Equipment	\$21,178	\$3,089	15%

Equipment

Items ordered in May and June 2004 were billed during the lapse period.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN INVENTORIES
FOR THE TWO YEARS ENDED JUNE 30, 2005

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
General Stores:				
Medical lab	\$ 6,744	\$ 35,659	\$ 38,656	\$ 3,747
Food supplies	175,470	582,186	663,163	94,493
Household and laundry	53,760	178,368	186,199	45,929
Other general stores	58,074	175,571	201,871	31,774
Mechanical Stores:				
Repair and Maintenance	1,658	94,868	96,362	164
Other mechanical stores	710	45,584	46,204	90
Pharmacy	<u>296,624</u>	<u>2,266,813</u>	<u>2,333,240</u>	<u>230,197</u>
	<u>\$ 593,040</u>	<u>\$ 3,379,049</u>	<u>\$3,565,695</u>	<u>\$ 406,394</u>

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
General Stores:				
Medical lab	\$ 6,740	\$ 54,534	\$ 54,530	\$ 6,744
Food supplies	119,469	678,872	622,871	175,470
Household and laundry	70,703	176,632	193,575	53,760
Other general stores	63,962	274,075	279,963	58,074
Mechanical Stores:				
Repair and Maintenance	2,032	132,179	132,553	1,658
Other mechanical stores	774	54,654	54,718	710
Pharmacy	<u>288,075</u>	<u>2,088,898</u>	<u>2,080,349</u>	<u>296,624</u>
	<u>\$ 551,755</u>	<u>\$ 3,459,844</u>	<u>\$3,418,559</u>	<u>\$ 593,040</u>

Note: The inventories consist primarily of commodities and medications and are valued at weighted average cost.

Subsequent events:

The Center reclassified \$12,250 from Household and laundry to Other general stores as of June 30, 2003 after the audit report as of June 30, 2003 had been issued.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANALYSIS OF ACCOUNTS RECEIVABLE
FOR THE YEARS ENDED JUNE 30, 2004 and 2005

The Department has accounts receivable of \$3,577,177 and \$5,146,438, arising from operations of Elgin Mental Health Center at June 30, 2005 and 2004 respectively. This total includes amount due from private assets, private insurance, Social Security Administration, for resident care provided at Elgin Mental Health Center. The Department of Human Services Central Office prepares and mails the monthly billing statements, receives the payments and records the revenue and receivable in their general ledger. The Patient Resource Unit at the Center is responsible for determining billing amounts and is responsible for pursuing collection of delinquent accounts. The aging of outstanding accounts receivables and determination of an allowance for uncollectible accounts are the responsibility of the Department of Human Services Central Office.

An aging of accounts receivable as of June 30, 2005, 2004 and 2003 prepared by the Department of Human Services Central Office and forwarded to the Center is as follows:

	<u>June 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current (0-3 months)	\$35,791	\$204,553	\$190,345
Past due (4-6 months)	52,993	141,930	72,675
Past due (7-12 months)	97,074	119,548	607,771
Past due (over 12 months)	<u>2,135,625</u>	<u>3,107,728</u>	<u>2,619,496</u>
Subtotal	\$2,321,483	\$3,573,759	\$3,490,287
Court Cases	<u>1,255,694</u>	<u>1,572,680</u>	<u>1,977,399</u>
Total	<u>\$3,577,177</u>	<u>\$5,146,439</u>	<u>\$5,467,686</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
CENTER FUNCTIONS AND PLANNING PROGRAM
FOR THE TWO YEARS ENDED JUNE 30, 2005

The functions and planning program of the Center are as follows:

FUNCTIONS

Elgin Mental Health Center (Center) is an inpatient hospital of the Department of Human Services (DHS), and is one part of the larger Metro-Suburban Network that has inpatient (Center) and outpatient (GIA) components. The Center is responsible for the admission, detention, care, and treatment of persons who are in need of treatment for acute mental illness. The Mental Health and Developmental Disabilities Code, January 1, 1979 (PA 80-1414), updated with amendments and revisions through December 1, 1997, governs the procedures of a facility in regard to the treatment and care of the mentally ill. The Hospital Administrator, the Network Manager and the Director of the Department of Human Services administer the operations of the institution.

Ms. Rosamond Geary was the Hospital Administrator through June 30, 2004. Mr. Raul Almazar was appointed Interim Hospital Administrator on July 1, 2004. Dr. Bruce Bonecutter, Ph.D. was the Network appointed Manager/Facility Director and Ms. Malini Patel, M.D. and Mr. Daniel Hardy, M.D., J.D. were the Medical Directors for the Community Psychiatric Service and Forensic Treatment Programs, respectively. The Center is located at 750 South State Street, Elgin, Illinois 60123.

PLANNING PROGRAM

The Center has a formal planning program. The Governing Body based on broad guidelines established by DHS determines plans and objectives of the Center. In addition, each program at the Center develops goals and objectives in consideration of the goals of the Center as a whole.

The Center appears to have an adequate Agency Function and Planning Program in place. However, administrative issues including resolutions for audit findings and allocation of human resources are not addressed.

The plans for each program area to improve the quality of the treatment and provide improved environments for the patients including the following:

Organizational Goals

1. Involve all stakeholders in the development of a recovery-oriented system.
2. Achieve a cultural shift to be a place of learning and growth for all who live and work at the facility.
3. Have a workforce that is empowered and satisfied that, in turn, can empower the consumers and are invested in consumer satisfaction.

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CENTER FUNCTIONS AND PLANNING PROGRAM
FOR THE TWO YEARS ENDED JUNE 30, 2005

4. Maintain fluid boundaries between the facility and the community to enhance continuity of care.

Programmatic Goals

1. Provide effective, efficient, evidence-based treatment.
2. Provide care consistent with the needs of the population served that is not solely focused on inpatient hospitalization.
3. Be a safe environment, restraint-free and follow principles of non-coercion.

Functional Goals

1. Be fiscally responsible and operate consistent with effective community business practices.
2. Utilize technology to streamline procedures and as an adjunct to treatment.

The planning and evaluation programs administered by the center during the audit period appear adequate based on the criteria presented in chapter 22 of the "Audit Guide for Performing Financial Audits and Compliance Attestation Examinations of Illinois State Agencies," issued by the State of Illinois Office of Auditor General.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
AVERAGE NUMBER OF EMPLOYEES
FOR THE TWO YEARS ENDED JUNE 30, 2005

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Center records, presents the average number of employees, by function, for the past three years.

	<u>Fiscal Year</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Rehabilitation services	90	94	45.0
Adult inpatient services	317	341	388.0
Central admissions	3	3	3.5
Medical, surgical and clinical services	179	167	233.0
Staff development	3	3	2.5
Administrative services	41	34	121.0
Engineering	26	24	30.0
Business management	22	24	13.0
Other support services	128	145	93.0
Dietary	<u>41</u>	<u>43</u>	<u>43.0</u>
Total Employees	<u>850</u>	<u>878</u>	<u>972.0</u>

STATE OF ILLINOIS
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ELGIN MENTAL HEALTH CENTER
EMPLOYEE OVERTIME
FOR THE TWO YEARS ENDED JUNE 30, 2005

EMPLOYEE OVERTIME (not examined)

Certain employees are eligible for overtime if the hours worked during a week exceed the standard workweek hours. The standard workweek hours range from 37 ½ to 40 depending on an employee's job classification. In most cases employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. A supervisor must approve all overtime. Certain employees may receive compensatory time off in lieu of pay depending on the position classification of the employee's job title.

The following table, prepared from Department records presents the paid overtime and earned compensatory time incurred during fiscal year 2005 and 2004.

	<u>2005</u>	<u>2004</u>
Paid overtime hours worked during fiscal year	<u>64,331</u>	<u>73,258</u>
Value of overtime hours worked during fiscal year	<u>\$1,940,915</u>	<u>\$2,057,660</u>
Compensatory hours earned during fiscal year	<u>14,252</u>	<u>16,454</u>
Value of compensatory hours earned during fiscal year	<u>\$322,260</u>	<u>\$355,271</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>78,583</u>	<u>89,712</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$2,263,175</u>	<u>\$2,412,931</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SHARED RESOURCES
FOR THE TWO YEARS ENDED JUNE 30, 2005

SHARED RESOURCES

Elgin Mental Health Center shared two employees. Based on the job description, the individuals are employees of the Metro Forensic Evaluation Unit, Illinois Department of Human Services. Elgin Mental Health Center assumes 100% of the payroll related cost.

In addition, during fiscal year 2005, Elgin Mental Health Center's Interim Hospital Administrator was on the payroll of Chicago-Read Mental Health Center. Chicago-Read Mental Health Center pays 100% of the payroll costs related to the salary of the Interim Hospital Administrator.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
CENTER UTILIZATION
FOR THE TWO YEARS ENDED JUNE 30, 2005

CENTER UTILIZATION (not examined)

Elgin Mental Health Center (Center) is situated on 104.73 acres in Elgin IL. The Center has 24 buildings on its grounds. Center management has provided the information below outlining their occupancy and/or utilization of the buildings on the grounds of the Center.

<u>Building</u>	<u>Type/Use</u>	<u>Square Feet</u>	<u>Status</u>	<u>%</u>	
Jonathan Burr Assembly Hall	Day programs (gym)	14,954	Occupied	100%	
Jonathan Burr Unit	Vacant	18,024	Unoccupied	0%	A
Wines – Property Control	Storage (equipment & furniture)	18,028	Occupied	0%	A
Edwin A Kilbourne	Offices	31,417	Occupied	100%	
Pinel Unit	Residential	16,329	Occupied	100%	
William White Unit	Residential	14,363	Occupied	100%	
Old Forensic Treatment Building	Vending machines, credit union and labor union	111,315	Occupied	30%	
Central Stores/Dietary/Pharmacy	Kitchen, stores, duplicating	68,230	Occupied	100%	
Mendel Building	Non-EMHC	18,233	Occupied	100%	
Boiler Plant	power plant	35,019	Occupied	100%	
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	0	Occupied	100%	A
Garage Unit	Garage	9,618	Occupied	100%	A
Machine & Pipe Shops	Trade shop	6,394	Occupied	100%	A
Grounds Maintenance	Garage, mechanics	10,096	Occupied	100%	A
Dorothea Dix Unit		14,879	Unoccupied	0%	B
Paint Shop	Storage	7,028	Occupied	100%	A
Medical Building	Switchboard	104,151	Occupied	5%	C
Rehabilitation Building	Day program and offices	53,566	Occupied	100%	
FTP 1 East	Residential	20,575	Occupied	100%	
FTP Psychosocial	Day programs	10,403	Occupied	100%	
Edwin Goldman Building	Residential	80,000	Occupied	100%	
FTP Main (New)	Residential	163,000	Occupied	100%	
Charles F. Read	Vacant	46,704	Unoccupied	0%	D

FOOTNOTES

- A: To be demolished within 5 years
- B: Abandoned and unusable /no future plans
- C: In process of relocating switchboard, no immediate plans
- D: No future plans

90 acres north of Middle road was sold in Fiscal Year 2005 along with the buildings on the land.

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ELGIN MENTAL HEALTH CENTER
ANNUAL CENTER STATISTICS
FOR THE TWO YEARS ENDED JUNE 30, 2005

COST PER YEAR/DAY PER RESIDENT (not examined)

The following schedule represents costs per resident based upon the Department of Human Services Management Cost System. This includes costs for depreciation and an allocation of costs incurred by the Department's Central Office and other State agencies.

	<u>2005</u>	<u>Fiscal Year</u> <u>2004</u>	<u>2003</u>
Cost per year per resident	<u>*</u>	<u>\$199,983</u>	<u>\$197,552</u>
Cost per day per resident	<u>*</u>	<u>\$546</u>	<u>\$541</u>

* - The Department had not calculated this statistic by the close of fieldwork.

RATIO OF EMPLOYEES TO RESIDENTS (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Certified Capacity of Center	<u>390</u>	<u>390</u>	<u>390</u>
Average number of residents	<u>366</u>	<u>352</u>	<u>387</u>
Average number of employees	<u>850</u>	<u>878</u>	<u>972</u>
Ratio of employees to residents	<u>2.32 to 1</u>	<u>2.49 to 1</u>	<u>2.51 to 1</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
ANNUAL CENTER STATISTICS
FOR THE TWO YEARS ENDED JUNE 30, 2005

REPORTED EMPLOYEE JOB INJURIES (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Number of reported employee injuries	<u>126</u>	<u>162</u>	<u>159</u>

FOOD SERVICES (not examined)

The following table, prepared from the Center records, summarizes the number of meals served and the average cost per meal.

	Fiscal Year		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Meals served	<u>425,014</u>	<u>427,069</u>	<u>425,368</u>
Total food costs	\$568,824	\$653,333	\$563,867
Total labor costs	<u>1,322,228</u>	<u>1,541,889</u>	<u>1,483,096</u>
Total costs	<u>\$1,891,052</u>	<u>\$2,195,222</u>	<u>\$2,046,963</u>
Average food costs / meal	\$1.34	\$1.53	\$1.32
Average labor costs / meal	<u>3.11</u>	<u>3.61</u>	<u>3.49</u>
Total average cost / meal	<u>\$4.45</u>	<u>\$5.14</u>	<u>\$4.81</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ELGIN MENTAL HEALTH CENTER
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2005
(not examined)

The past two years have presented a number of challenges and opportunities. Despite these challenges, Elgin Mental Health Center is proud to present the following accomplishments:

- included all stakeholders in the development of consumer/family driven recovery-oriented system.
- achieved a cultural shift to be a place of learning and growth for all who live and work at the facility.
- Offered orientation sessions to families at different times to reach at least 50% attendance.
- Approved for hiring a second Consumer Specialist for FTP.
- Incorporated the film “Inside/Outside” into staff orientation and patient and family education.
- Sixty percent of all clinical and non-clinical staff viewed the film “Inside/Outside” and participated in discussions of recovery concepts.
- Established processes to improve communication recognizing that staff feel greater empowerment and workplace satisfaction where open, bilateral communication is fostered for staff at all levels of the organization.
- Improved communication by holding quarterly informational-type meetings with established agenda for all shifts, chaired by either Hospital Administrator or Executive Director and provided minutes of such meetings for all staff to review.
- Explored the use of a hospital-wide confidential staff survey tool, to assess empowerment strategies and to provide baseline levels of workplace satisfaction.
- Continued periodic use of suggestion boxes and publicize suggestions that were acted upon.
- Revitalized the Network Advisory Council by redefining its mission, revamping the content of its bimonthly meetings and increasing the level of primary consumer participation.
- Implemented evidence-based treatment.
- Fully implemented depression and schizophrenia IMAP protocols.
- Redesigned programming in conformity with known evidence-based practices.

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ELGIN MENTAL HEALTH CENTER
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2005
(not examined)

- Continued compliance with 2005 National Patient Safety Goals.
- Participated in the development of, and support and maintain, a national database that will compare the performance and practices of OMH state hospitals with state hospitals throughout the nation (ORYX).
- Revised hospital mission to include coercion-free environment.
- Evaluated patterns of usage of operational buildings in order to lower settings for improved energy consumption.
- Evaluated FMLA usage, processes and structures to ensure facility practice is consistent with community standard.
- Developed restraint/seclusion database integrated system.
- Hardware updated and successful conversion.
- Successful implementation of SAMHSA grant.
- Designed and implemented innovative training for coercion-free environment with significant consumer involvement.
- Significant reduction in restraint/seclusion use in the facility as evidenced by two restraint episodes in February with an average daily census of 370.
- Reduction in workforce in May, 2005, with very minimal impact on care delivery.